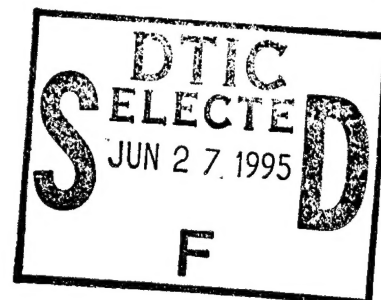




DEPARTMENT OF THE AIR FORCE
AIR FORCE LOGISTICS MANAGEMENT AGENCY



LETTER REPORT
ROUTINE AND EXPRESS SMALL PARCEL SHIPMENT ANALYSIS

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BACKGROUND: In October 1991, responsibility for processing the majority of Non-MILSTRIP shipments (that is, shipments from other than the Standard Base Supply System) shifted from Air Force Base Information Transfer Centers (BITCs) to the local Traffic Management Flight (TMF). In most cases, this requires customers to (1) prepare a DD Form(s) 1149 either by hand or by using the computer generated form incorporated in the Cargo Movement Operations System (CMOS), and (2) hand carry their parcel(s) and DD Form(s) 1149 to TMF's Surface Freight Section for processing and shipment. Surface freight packages (only parcels requiring special handling, others are packed in the unit) and prepares the label(s) for the parcel(s) using either United Parcel Service (UPS), Roadway Package Service (RPS) or Federal Express (FedEx) criteria. Once packaging and labeling is complete, the TMF turns the package(s) over to the respective carrier(s) for onward movement through pre-established daily pickup times and locations. TMF in turn works with finance to verify carrier charges--normally once a month. Finance then processes all necessary paperwork and ensures each carrier receives payment for services. Appendix A, Figure A-1, presents a graphic display of the present shipment flow process.

PROBLEM STATEMENT: Under the Federal Express contract, the Air Force pays for door-to-door service for both pickup and delivery. Other carriers are also willing to pick up at locations other than surface freight for a small weekly service charge per stop. Some customers feel they are being short changed by not receiving this door-to-door service. These customers feel they are capable of, and should be responsible for, the management of their own small parcel shipments to receive full benefit of door-to-door service offered by small parcel carriers.

OBJECTIVE: Explore the impact/feasibility of decentralizing the routine and expedite small parcel shipment process for non-MILSTRIP shipments. (Appendix A, Figure A-2 presents a graphic display of the proposed concept of decentralized shipment flow.)

METHODOLOGY: We reviewed the current small parcel shipment process and researched options that would allow decentralization of non-MILSTRIP small parcel shipping and associated financial responsibility to the organizational level. We then developed questionnaires (see

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Appendix B) and distributed them through the appropriate Major Command (MAJCOM) to base-level Surface Freight Sections, potential organizational users, and base finance offices. We analyzed survey responses to determine feasibility of Air Force-wide decentralization.

ANALYSIS AND RESULTS: We sent questionnaires to 63 bases. We received responses from 48 TMFs, 32 finance offices, and 128 units from 37 bases (see Appendix C). Both large and small units with high and low shipping volumes responded to the questionnaires resulting in a representative, broad, and cross-sectional sample of the Air Force (AMC excluded). We categorized and analyzed responses to determine demographics, trends, and perceived workload reductions and/or time savings if decentralization is implemented. Results of the analysis are segmented into three categories -- TMF, Unit, and Finance.

TMF Responses. From the 48 TMF responses, non-MILSTRIP small parcel shipping accounts for approximately 15% of all shipments. Of this 15% (7486 shipments per month), 4221 require special handling and packaging available only at TMF. Time required to pack and process each parcel averages 24 minutes. An average of 21 individual units per base (based on questionnaire responses) ship non-MILSTRIP small parcels through each TMF. In addition, 33 of the 48 TMFs (69%) believe decentralization will have little effect on efforts to consolidate parcels going to identical locations.

From the questionnaire responses, we determined, on average, *decentralization could save TMFs an estimated 29 man-hours per month*. However, some of this savings would be offset by a number of other factors. For example, TMFs would need to spend time training unit personnel and answering questions regarding proper shipping procedures.

Unit Responses. According to the 128 unit responses, travel time to and from TMF averages 17 minutes, while units require an average of 20 minutes to complete necessary shipping paperwork. Of course, total time required to process non-MILSTRIP small parcels varies by unit. Figure 1 shows, from our sample, 99 units (77%) spend two man-hours or less per month shipping small parcels through TMF, and 116 (91%) spend five man-hours or less. Only two units (2%) spend more than 20 man-hours per month.

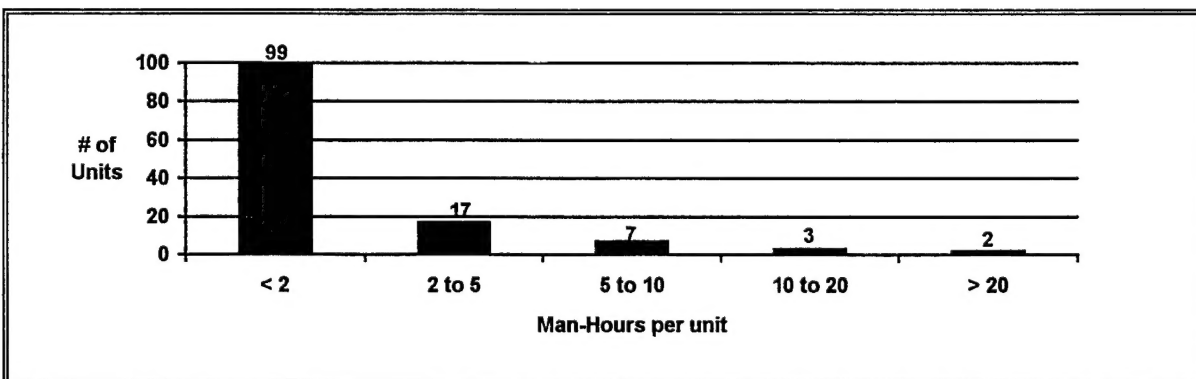


Figure 1: Man-Hours Units Spend Shipping Small Parcels per Month

Dist	Avail and/or Special
A-1	

In measuring possible unit workload reduction, we assume units and TMFs complete shipping paperwork with equal speed. Thus, primary savings for the unit come from time saved by not traveling to and from TMF. We estimated unit workload reduction by multiplying each unit's travel time by the estimated number of trips to TMF to ship parcels not requiring special handling. The resulting estimate is 1.3 man-hours per unit per month. Multiplying this savings by the average number of units per base (21 units based on sample data) yields an *average base-wide unit savings of 27 man-hours per month*.

We also asked units to indicate their support for decentralization. A summary of their responses is shown in Figure 2. The results indicate 31 respondents (25%) are supportive of decentralization (Very Willing/Willing), 31 (25%) are neutral, and 60 (49%) are not supportive (Unwilling/Very Unwilling).

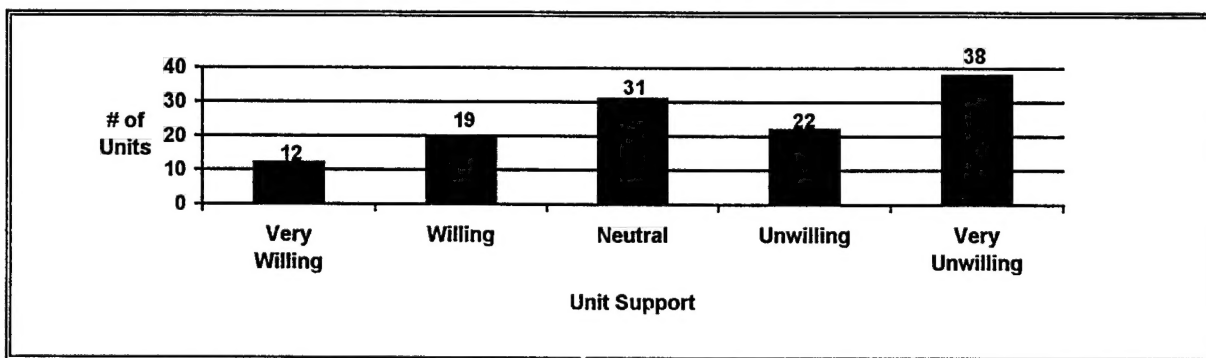


Figure 2: Unit Support for Non-MILSTRIP Small Parcel Decentralization

Finance Responses. Decentralizing non-MILSTRIP small parcel shipping creates a level of management not required under the current process. Finance personnel will be required to manage and reconcile multiple small parcel accounts per carrier instead of one account per carrier presently managed for the local TMF. For a typical base (21 units per base for this sample), the number of accounts would increase from 3 to as many as 66. Each unit would also have to monitor an account for each carrier and reconcile each account with finance on a monthly or bimonthly basis. Time required for units to reconcile these accounts potentially offsets the time savings the units would realized not having to travel to and from TMF to ship parcels. Additionally, the increased span of control for the finance officers (monitoring more accounts) may introduce the possibility of late payments to vendors.

Summary. Summing estimated TMF and unit savings, the *maximum estimated basewide savings is estimated to be 56 man-hours per month* (29 man-hours in TMF + 27 man-hours in units). However, new requirements in the units (units monitoring accounts) and the impact on finance could very well offset this number. Furthermore, since many carriers charge per pickup point per week, a typical base could incur an additional cost of \$840 to \$1350 per month.

CONCLUSIONS: Considering the minimal estimated man-hour savings, coupled with the possible impact on finance and reluctance of units to support the initiative, mandated *Air Force wide decentralization does not appear to be in the best interest of the Air Force*. However, *local decentralization on a unit by unit basis* (as allowed for in AFI 24-201) *could prove beneficial* in reducing workload for specific TMFs *while improving customer service levels* for units that ship large volumes of non-MILSTRIP small parcels or for units located great distances from the local TMF. TMFs should look at each case individually and make decentralization decisions based on potential for reducing workload, willingness of the unit to accept added responsibility, and associated impact on accounts management (finance and units).

RECOMMENDATION: Continue current policy where TMFs are allowed to approve commercial carrier accounts and pickup points and re-emphasize the flexibility this policy allows for TMFs and units (OPR: HQ USAF/LGTT).

DISTRIBUTION: Refer to attached Standard Form 298.

Appendix A Process Flow

Figures A-1 and A-2 illustrate the shipment flow process without and with decentralization, respectively. Note that, as Figure A-2 shows, workload in TMFs decreases, while unit and finance workload increases.

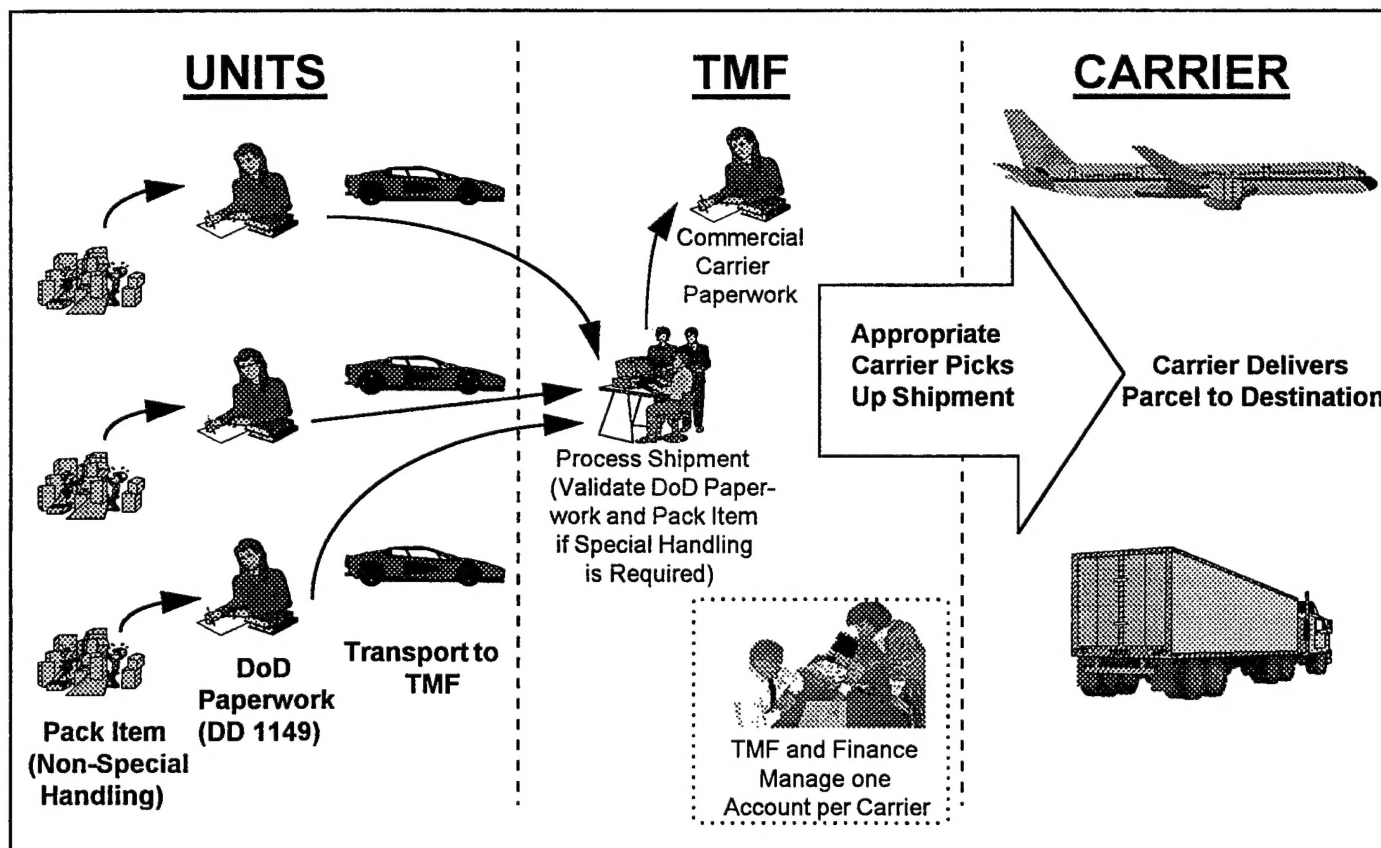


Figure A-1: Process Flow WITHOUT Decentralization
(Includes all non-MILSTRIP small parcels)

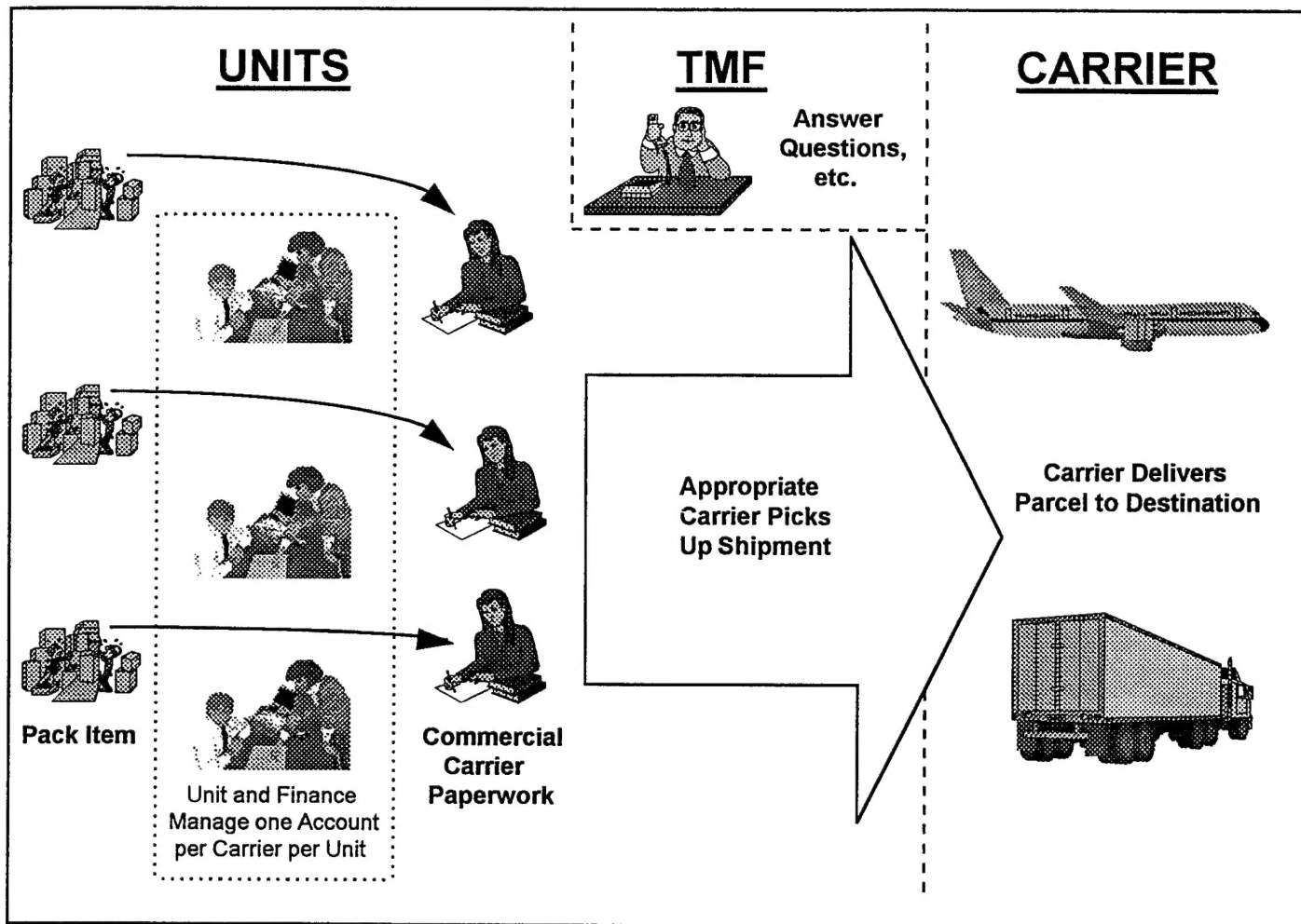


Figure A-2: Process Flow WITH Decentralization
(Non-MILSTRIP small parcels NOT requiring special handling)

Appendix B

Questionnaires

TMF/SURFACE FREIGHT QUESTIONNAIRE

1. How does your base handle processing of non-MILSTRIP small parcel shipments? Include information such as forms used, responsibility for completing forms, who is responsible for getting parcels in carriers possession, whether any of the process is automated, financial responsibility and funding flow, etc.

2. In a typical month, how many non-MILSTRIP small parcel shipments do you process and what percentage of your total monthly shipments does this represent?

_____ monthly non-MILSTRIP small parcel shipments
_____ % of total monthly shipments

3. On average, how much time does it take you to process a non-MILSTRIP small parcel shipment?

_____ minutes spent on preservation and packaging
_____ minutes spent processing paperwork

4. Of the total monthly non-MILSTRIP small parcel shipments processed, how many require special handling from TMF (need for boxes, packing material, reusable container program, hazardous certification, special labels, etc.)?

_____ non-MILSTRIP small parcel shipments per month require special handling from TMF

5. How many contracts/tenders do you have to ship small parcels? List carrier, service provided, period of contract/tender, average volume of shipments offered per month, and average monthly expenditure.

6. What percentage of non-MILSTRIP small parcel shipments are funded by the unit rather than TMF?

_____ % Unit funded

7. Of those non-MILSTRIP small parcel shipments not funded by TMF, please specify the source of funding and number of shipments made within the past year with these funds.

_____ unit funded
_____ Second Destination Funds TAC Code
_____ other funded (Please specify funding: _____)

8. How many organizations ship non-MILSTRIP small parcels through TMF per year?

_____ organizations

9. Please identify any organizations that ship small parcels in large enough volume to warrant decentralization at your base.

10. How much money does your base currently save per year by consolidating small parcels for shipment?
\$ _____

11. How much would your current small parcel consolidation effort decrease with decentralization?

Not					Very	
Significantly					Significantly	
1	2	3	4	5		

12. How would decentralization affect your surface freight section workload? Please explain below.

13. Do you have any additional comments or suggestions concerning decentralization of the small parcel shipment process?

Please complete the identifying information below:

Unit: _____

Base: _____

POC: _____

DSN Phone Number: _____

UNIT QUESTIONNAIRE

1. What steps do you currently take to ship non-MILSTRIP small parcels? Include forms used and process.

Note: Non-MILSTRIP small parcels are those items not processed through the Standard Base Supply System (SBSS).

2. In a typical month, how many non-MILSTRIP small parcels do you ship through TMF?

_____ parcels per month

3. Of these parcels, how many require special handling from TMF (need for boxes, packing material, hazardous certification, special labels, etc.)?

_____ parcels per month require special handling from TMF

4. On average, how many trips do you make to surface freight per month to ship non-MILSTRIP small parcel shipments?

_____ trips per month to process small parcel shipments through surface freight

5. On average, how long does it take you to process a small parcel shipment through surface freight? Include time spent hand carrying parcel to surface freight and time spent processing all paperwork.

_____ minutes total time spent to traveling to and from surface freight
_____ minutes total time spent accomplishing paperwork

6. In order to get the convenience of "door-to-door" service from the small parcel carriers, each organization would need to manage the process and funding to ensure timely payment to the carriers. How willing would your organization be to accomplishing this additional duty?

Very Willing	Willing	Neutral	Unwilling	Very Unwilling
1	2	3	4	5

7. Does your organization have an IMPAC credit card? Yes No

8. Do you have any additional comments or suggestions concerning decentralization of the small parcel shipment process?

Please complete the identifying information below:

Unit: _____
Base: _____
POC: _____
DSN Phone Number: _____

FINANCE QUESTIONNAIRE

1. Do you know of any regulatory issues that would prohibit decentralizing the non-MILSTRIP small parcel process? If so, please explain and cite references, if available.

Yes No

Explanation:

2. If decentralization were implemented, what process/method would you recommend, and why, to handle the financial and accounting aspects? Previously suggested methods include providing each organization with an AF Form 616 to use to fund for these services, piggy-backing on IMPAC card accounts process, and using Blanket Purchase Agreements.

3. How would decentralization impact personnel and workload in your section? Please explain.

4. Do you have any additional comments or suggestions concerning decentralization of the small parcel shipment process?

Please complete the identifying information below:

Unit: _____

Base: _____

POC: _____

DSN Phone Number: _____

Appendix C

Questionnaire Respondents

<u>MAJCOM</u>	<u>BASES</u>
AFMC	Edwards AFB; Eglin AFB; Hanscom AFB; Kirtland AFB; Newark AFB
ACC	Langley AFB; Mt Home AFB; Seymour Johnson AFB; Ellsworth AFB; Davis Monthan AFB; Whiteman AFB; Nellis AFB; Moody AFB
AETC	Randolph AFB; Sheppard AFB; Maxwell AFB; Keesler AFB; Luke AFB; Lackland AFB; Tyndall AFB; Goodfellow AFB; Columbus AFB
USAFE	Spangdahlem AB
SPACECOM	Peterson AFB; Patrick AFB; Malmstrom AFB; Vandenberg AFB; F. E. Warren AFB
PACAF	Yokota AB; Eielson AFB; Misawa AB; Anderson AFB; Hickam AFB
AFRES	Westover ARB; Dobbins ARB; Homestead ARB; Youngstown ARS; Pittsburgh ARS; Willow Grove ARS; Niagara Falls ARS; New Orleans ARS; O'Hare ARS
ANG	Jackson, MS; Baltimore, MD; East Cranby, CT; Otis ANGB, MA; Westfield, MA; Bangor, ME
AMC	Declined participation due to their perception they have already implemented decentralization

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13. ABSTRACT (Maximum 200 Words) This study explored the impact/feasibility of decentralizing routine and expedite non-MILSTRIP small parcel shipment process from TMF to the unit level. Surveys were distributed to 63 bases. Responses were received from 48 TMFs, 32 finance offices, and 128 units from 37 bases. Potential man-hour savings for an average base (based on our sample data) is estimated to be 56 man-hours per month. The possible impact on finance and new requirements in the units might offset this savings, however. Local decentralization on a unit by unit basis is allowed IAW AFI 24-201 and <i>could prove beneficial</i> as far as a potential workload reduction in a specific TMF and/or improved customer service levels for specific units that ship large volumes of non-MILSTRIP small parcels. TMFs should look at each case separately and make a decision based on workload reductions in the TMF, willingness of the unit to accept added responsibility of decentralization, and impact on finance.			
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